

## Message Text

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13-S  
ACTION NEA-06

INFO OCT-01 SS-14 ISO-00 EUR-08 SP-02 INR-05 EB-03 L-01

RSC-01 /041 W  
----- 009012

R 271853Z NOV 74  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 6108  
INFO AMEMBASSY BONN  
AMEMBASSY JIDDA  
AMEMBASSY ABU DHABI  
AMEMBASSY KUWAIT  
AMEMBASSY PARIS

C O N F I D E N T I A L LONDON 15599

LIMDIS

E.O. 11652: GDS  
TAGS: ENRG  
SUBJECT: IRANIAN SINGLE PRICE PROPOSAL

REF: TEHRAN 10018 (NOTAL), LONDON 14961 (NOTAL)

1. ACCORDING TO INDUSTRY SOURCE, AMOUZEGAR MET ON NOVEMBER 25 WITH CONSORTIUM REPRESENTATIVES FROM BP, SHELL, TEXACO AND ARCO TO DISCUSS SINGLE PRICE PROPOSAL. HE NOTED IRANIAN POSITION AT DECEMBER 12 OPEC MEETING STILL UNDECIDED SINCE HE HAS NOT YET DISCUSSED IT WITH SHAH.

2. ACCORDING TO SOURCE, AMOUZEGAR WAS CRITICAL OF ABU DHABI MINI-MINISTERIAL DECISIONS, YAMANI, AND ABU DHABI AND QATAR SPECIFICALLY FOR THEIR REVERSAL ON PREVIOUSLY AGREED OPEC DECISIONS. AT SAME TIME AMOUZEGAR DID NOT EXCLUDE POSSIBILITY OF ADOPTION OF SINGLE PRICE SYSTEM AT OPEC MEETING. HE COMMENTED THAT EVEN BASED ON EQUITY CRUDE FIGURES DISCUSSED AT ABU DHABI, COMPANIES WOULD RECEIVE ABOUT 50 CENTS DISCOUNT BELOW MARKET PRICE. (IN HIS CALCULATIONS, AMOUZEGAR SLURRED OVER BUYBACK ASPECT

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INCLUDING POSSIBILITY OF 94.8 PERCENT INSTEAD OF 93 PER-

CENT OF PP.)

3. AMOUZEGAR SAID HE DID NOT SEE COMPANIES OBTAINING DISCOUNT ON MORE THAN 40 PERCENT OF AVAILABLE CRUDE. IRANIANS WERE WILLING TO GIVE CONCESSIONARY COMPANIES DISCOUNT ON LARGER QUANTITIES, BUT KUWAITIS WERE STRONGLY DETERMINED TO GIVE NO DISCOUNT WHATSOEVER ON THEIR 60 PERCENT SHARE OF CRUDE. AMOUZEGAR DOES NOT BELIEVE THEY CAN BE PERSUADED TO CHANGE THEIR VIEW ON THIS POINT.

4. IN DISCUSSION OF CAPITAL EXPENDITURE REQUIREMENTS, AMOUZEGAR FLOATED IDEA THAT SINCE IRAN HAD SO MUCH AVAILABLE CASH, IT SHOULD FINANCE 100 PERCENT OF ALL FURTHER EXPENDITURES. COMPANY REPS RESISTED SUGGESTION THAT COMPANIES BE RELIEVED OF 40 PERCENT FINANCING REQUIREMENT, APPARENTLY NOT WANTING TO IN ANY WAY GIVE UP CLAIM TO VESTED RIGHT TO ACCESS. ACCORDING TO SOURCE, THIS SHOULD NOT BE REAL PROBLEM SINCE ONCE SAUDIS GO TO 100 PERCENT OWNERSHIP OF ARAMCO, NEW PATTERN OF 100 PERCENT PRODUCER COUNTRY FINANCING APPEARS INEVITABLE. MOREOVER, COMPANIES NO LONGER HAVE TECHNICAL OR TAX REASONS, TIED TO "INDIVIDUAL INTEREST" IN ENTERPRISE REQUIRED TO QUALIFY FOR DEPLETION ALLOWANCE, FOR INSISTING ON PROVIDING 40 PERCENT OF REQUIRED FINANCING.

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## Message Attributes

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